



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

0002

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July 29, 2003

CERTIFIED RETURN RECEIPT

7099 3400 0016 8896 3724

Clyde H. Gabbitas
General Manager Mine Operations
Geneva Steel
10 South Geneva Road
Vineyard, Utah 84057

Re: Five-Year Review of Reclamation Surety Estimate, Geneva Steel, Iron Mountain Mine,
M/021/008, Iron County, Utah

Dear Mr. Gabbitas:

The Division has reviewed the information on file concerning your Iron Mountain Mine, located in Iron County, Utah. Our review indicates that conditions at the mine have not changed since the last bond escalation that occurred in March of 1998. The last surety estimate for this mine was \$1,073,000 in 2003 dollars. In view of the fact that the mine has not operated during the past five years, we find we only need to escalate the present bond for an additional five-year period. This is based upon the fact that there had been no changes at the site since the last bond calculation.

The surety for the Iron Mountain Mine escalated to the year 2008 is \$1,299,100. A Surety Estimate Update is attached for your use. Please provide the updated surety within 60 days or no later than September 28, 2003.

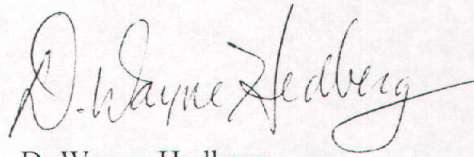
You may provide a rider to the existing surety and no other paperwork will be necessary. However, if you choose to post another form of surety, please contact Joelle Burns at (801) 538-5291 to obtain the current bonding forms or you may access the current forms on the internet at www.nr.utah.gov. If you post another form of surety, we will require that you also replace the Reclamation Contract, which is also located on the web. Please fax a "draft" copy of the documents so we can review them for completeness and accuracy before they are finalized.

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Clyde Gabbittas
M/021/008
July 29, 2003

If you are unable to provide the surety within this timeframe, please contact the Division with justification for requesting additional time. Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,

A handwritten signature in cursive script, reading "D. Wayne Hedberg". The signature is fluid and extends to the right.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Attachment: Surety estimate update
cc: Ed Ginouves, BLM, Cedar City FO (UTU-71131)
Doug Jensen, DOGM
O:\M021-Iron\M0210008-IronMtn\Final\escalate-07292003.doc

SURETY ESTIMATE UPDATE

Geneva Steel

Iron Mountain Mine

FILE # M/021/008

Iron County

Prepared by Utah Division of Oil, Gas & Mining

DATE

7/28/2003

DESCRIPTION:

-Previous reclamation surety estimate was \$1,073,000 in year 2003 dollars

-Reclamation Estimate base amount calculated in 1995-\$

-This update adjusts the surety amount for escalation only.

-On May 19, 2000 a minor amendment was made to plan which was the addition of the the YJ Pit to the reclamation plan. The YJ Pit is a pre-law disturbance which will be reclaimed as a part of a mitigation agreement for disturbances related to the Tiptop and Excelsior Pits. No bond adjustment was necessary due to the fact that the 1995 bond contained an additional surety amount for this work.

-Escalation factors through 2003 are actual Means Historical Cost Indices

-Total disturbed area = 417 ACRES

CALCULATIONS $F = P(1 + i)^{**n}$	YR	ESCAL FACTOR	BOND AMOUNT
	1994	0.0321	\$0.00
	1995	0.0193	\$896,055.00
F = Future Sum	1996	0.0242	\$917,739.53
P = Present Sum	1997	0.0236	\$939,398.18
i = Escalation Factor	1998	0.0502	\$986,555.97
n = number of periods	1999	0.0191	\$1,005,399.19
	2000	0.0244	\$1,029,930.93
Three Yr Average = 2.89%	2001	0.0421	\$1,073,291.02
Used to Project 5 Yrs	2002	0.0202	\$1,094,971.50
From the Year 2003	2003	0.0289	\$1,126,616.18
	2004	0.0289	\$1,159,175.39
	2005	0.0289	\$1,192,675.56
	2006	0.0289	\$1,227,143.88
	2007	0.0289	\$1,262,608.34
	2008	0.0289	\$1,299,097.72
Updated Surety Amount Rounded (2008-\$)			\$1,299,100.00

** Average cost per acre = 3028 (\$/ACRE)